

MEMORANDUM

DATE: MARCH 6, 2013

TO: MEMBERS OF THE TRANSPORTATION COMMISSION

FROM: SANDRA MARKS, ACTING DEPUTY DIRECTOR, T&ES

SUBJECT: AGENDA ITEM #4 – DASH EFFICIENCY STUDY

ISSUE: Update on the DASH Efficiency Study.

RECOMMENDATION: That the Transportation Commission receive the report.

DISCUSSION:

Study Purpose

The Alexandria Transit Company (ATC) provides local bus service (DASH) with connections to regional Metrobus, Metrorail, Virginia Railway Express, and other local bus systems. Since the ATC was created 28 years ago, both service and ridership have experienced significant growth. The route network has more than doubled, and ridership has increased fourfold. In the near term, the City and ATC plan to expand service by improving service frequencies on existing routes, as well as expanding service on select corridors. In the longer term, the City envisions an enhanced transit network including services in dedicated rights-of-way in three primary corridors, fed by circulator shuttles and complemented by intermediate transit services.

Given the significant growth of the system over the last three decades, as well as the increasing demand for transit in the future, the City undertook the DASH Efficiency study to evaluate the current governance structure, organization, and management practices and ensure that there is a capacity to accommodate the planned expansion of service.

Governance and Organization

When DASH service began in 1984, the city established ATC as a nonprofit public service corporation wholly owned by the City of Alexandria. It is governed by a seven-member Board of Directors that is elected annually by the City Council (acting as the company's sole shareholders). The ATC Board contracts with First Transit, Inc. to provide management services for the DASH transit system and pays First Transit an annual fixed fee for these services. The General Manager and Assistant General Manager are First Transit employees. As part of the management contract, First Transit has

formed a separate subsidiary corporation named Transit Management of Alexandria (TMA). TMA employs all other DASH employees (Attachment 1).

The City of Alexandria has an important role in administering, managing, and overseeing DASH services. City staff provides legal, financial, accounting, and administrative services in support of the DASH transit system.

Findings

Through stakeholder interviews and an analysis of DASH and peer agency's governance structures and performance, the following strengths and challenges were observed:

Strengths:

- ATC runs a productive bus system with a staff dedicated and committed to providing a high quality service.
- DASH vehicles and facilities are clean and well-maintained.
- As a separate entity, ATC has the flexibility to respond to changing needs.
- DASH productivity and cost effectiveness indicators are good, carrying 25 passengers per hour with an operating expense per revenue hour at \$80 and a farebox recovery ratio of 27% in 2011.
- Overall, DASH's performance is on par with peer and national averages across many performance metrics.

Challenges:

- There is a need for additional transparency for both the public and City officials.¹
- ATC and the City use different financial systems, requiring a cumbersome, time-consuming reconciliation process.
- New policies and procedures are in place to guide capital procurement and help clarify lines of authority. However these new procedures remain complex and inefficient and require the involvement of many players both at ATC and the City.
- In regards to grant administration, the roles and responsibilities are shared between the City and DASH, resulting in additional administrative steps, decreased efficiency, and room for error.
- The Board of Directors would benefit from additional transit and finance expertise.

Moving Forward

On February 26, 2013, City Council received a briefing on the DASH Efficiency study. Council outlined several agreed upon principles and next steps to address the challenges outlined above:

Principles:

- Alexandria Transit Company (ATC) Board

¹ Following the completion of this study, DASH began posting board materials and monthly reports on their website.

- Expand Board to include additional transit and finance expertise, combined with more City representation
- Increase the Board’s role to include broader transit policy, including the high capacity transit corridors and DOT Paratransit
- Management and Operations
 - The General Manager and Assistant General Manager should be hired by and report directly to ATC (not through a 3rd party management contract)
 - A professional services contract with outside vendors could be pursued separately by the ATC Board to provide staff augmentation or other services as needed
 - Subsidiary corporation (which employs drivers and support staff) should be kept intact

Next Steps

- ATC and City to develop a MOU that outlines a detailed implementation plan and action items, including redefining:
 - City and DASH roles on transit planning and financial management functions
 - ATC Board staffing, development of agenda and meeting materials

Attachment 1: Alexandria Transit Company Organization Chart

